

Message Text

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21

ACTION EA-09

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R 150205Z JAN 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5942

INFO AMEMBASSY BANGKOK

AMEMBASSY SINGAPORE

AMCONSUL UDORN

LIMITED OFFICIAL USE VIENTIANE 0110

E.O. 11652: NA

TAGS: BGEN, EIND, EINV, LA

SUBJ: POUN SOUK (PEPSI-COLA) COMPANY BECOMES JOINT STATE-
PRIVATE ENTERPRISE

1. LOCAL PAPER VIENTIANE MAI CARRIED ARTICLE JAN 14
ANNOUNCING THAT THE POUN SOUK COMPANY, WHICH MANUFACTURES
VARIOUS SOFT DRINKS (INCLUDING PEPSI COLA, MIRINDA, TEAM,
ETC.) IN VIENTIANE, OFFICIALLY CONVERTED INTO A JOINT
STATE-PRIVATE COMPANY AS OF JAN 12, 1976. THE
OPERATIONS OF THE BOTTLING PLANT WILL BE UNDER A JOINT
EXECUTIVE COMMITTEE, STAFFED BY COMPANY AND STATE
REPRESENTATIVES. ACCORDING TO THE NEWSPAPER, "THIS
CHANGE OCCURRED TO SATISFY NATIONAL DEMAND, TO ASSURE
BETTER MANAGEMENT OF THE ENTERPRISE, AND BECAUSE IT IS
IN CONFORMITY WITH THE PRESENT SITUATION."

2. WE UNDERSTAND POUN SOUK COMPANY HAS PRODUCED PEPSI COLA
UNDER LICENSE FROM PEPSI COLA INTERNATIONAL,
WHICH DOES NOT REPEAT NOT OWN INTEREST IN POUN SOUK
COMPANY. WE DO NOT KNOW IF PEPSI INTERNATIONAL INTENDS
TO CONTINUE LICENSING ARRANGEMENT WITH POUN SOUK
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COMPANY UNDER ITS NEW MANAGEMENT.

3. IN DECEMBER 1975 WE RECEIVED AN INQUIRY FROM AMCIT ARTHUR GOLDMACHER, RESIDENT OF SINGAPORE, ABOUT LEGAL STATUS OF 200 SHARES HE APPARENTLY OWNS IN POUN SOUK COMPANY. GOLDMACHER HAS DOCUMENTS SHOWING HE PURCHASED SHARES IN COMPANY IN 1974 AND THAT SALE WAS REGISTERED WITH LAO COURT. GOLDMACHER WAS INFORMED IN NOVEMBER 1975 BY NEW MANAGER OF COMPANY THAT HIS PURCHASE OF SHARES HAD NOT BEEN PROPERLY REGISTERED AND THAT CONSEQUENTLY HE WAS NOT SHAREHOLDER IN COMPANY. EMBASSY HAS SENT NOTE THROUGH LAO FOREIGN MINISTRY REQUESTING INFORMATION FROM LAO AUTHORITIES ABOUT LEGAL STATUS OF MR. GOLDMACHER'S SHARES IN POUN SOUK COMPANY. WE HAVE NOT YET RECEIVED OFFICIAL REPLY. HOWEVER, MFA OFFICIAL TOLD US PRIVATELY IN DECEMBER THAT POUN SOUK COMPANY WAS "ON VERGE OF BANKRUPTCY," HAD LABOR DIFFICULTIES AND WAS BEING INVESTIGATED BY LAO AUTHORITIES. MFA OFFICIAL SAID THOSE SHARES OWNED BY SANANIKONE FAMILY AND OTHER LAO "REACTIONARIES" WHO HAVE FLED LAOS WOULD BE CONFISCATED BY GOVERNMENT.

4. OPERATIONS OF POUN SOUK COMPANY, WHICH WERE BROUGHT TO HALT BY THAI BORDER CLOSURE NOVEMBER 18-JANUARY 1, HAVE EVIDENTLY RECOMMENCED, AT LEAST TO LIMITED DEGREE. WE HAVE NO INFORMATION ABOUT CURRENT FINANCIAL STATUS OF COMPANY, WHICH WAS FORMERLY DIRECTED BY PHOUANG SANANIKONE. IT REMAINS TO BE SEEN WHETHER LAO AUTHORITIES INTEND TO CONFISCATE--OR APPLY "EX POST FACTO" RULES OF SALE REGISTRATION TO--MR. GOLDMACHER'S SHARES IN COMPANY, OR WHETHER HIS CLAIM WILL BE ALLOWED. WE WILL REPORT OUTCOME OF THIS CASE, WHICH COULD ALSO HAVE IMPACT ON OTHER AMERICAN INVESTMENT IN LAOS.

5. FYI. IN SIMILAR CASE OF SENG FAH COMPANY (VIENTIANE 6271, NOTAL), WHICH PRODUCES METAL SHEETING, LAO GOVERNMENT CONFISCATED SHARES OWNED BY LAO "REACTIONARY" WHO HAD LEFT COUNTRY, BUT ALLOWED JAPANESE BUSINESSMEN TO RETAIN THEIR SHARES IN COMPANY, WHICH BECAME JOINT STATE-PRIVATE ENTERPRISE. END FYI.

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